

IC 77-2453  
23 March 1977

## DIA Declassification/Release Instructions on File

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MEMORANDUM FOR: [REDACTED]  
Director of Performance Evaluation  
and Improvement

FROM :

[REDACTED]

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VIA : [REDACTED]  
Chief, Production Assessment and  
Improvement Division

SUBJECT : Rationale for DIA's Need for Supergrades  
and Civil Service Commission Regulation  
Exemption

1. At the conclusion of our briefing to Admiral Murphy on the findings of our DIA study, he indicated that he would like us, as part of our DIA study, to examine DIA's need for civilian supergrade positions and exemption from at least some of the constraining Civil Service Commission's (CSC) regulations. The requested paper is attached.

2. In light of the OMB-directed task for the ICS to survey and rationalize supergrade positions throughout the Community, we have deliberately based our comments as much as possible directly on the findings of our DIA study. We don't believe that the attached paper on DIA's needs preempts the potential findings of any future study of the Community supergrade structure.

3. DIA has informally validated the data on DIA supergrades.

4. The paper has been prepared to serve as an annex to our final report to DIA or to stand on its own, if desired. Since there is much activity within DIA and OASD(I)/DDI right now addressing the supergrade

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removal of attachments.

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CL BY 680797

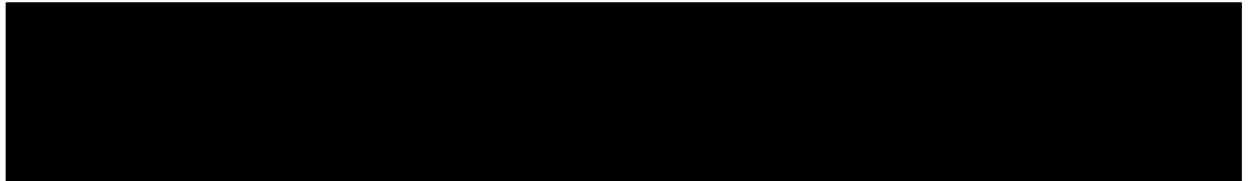
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problem and the need for CSC exemption, we feel that a copy of the annex should be forwarded separately to DIA as soon as possible, as well as being included in the final report.

5. Recommend that you forward the attached to Admiral Murphy for signature.

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Attachment:  
As Stated

Distribution:

- Orig - Addressee w/att
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IC 77-2455  
29 March 1977

MEMORANDUM FOR: Admiral Daniel J. Murphy, USN  
Deputy to the DCI for the Intelligence  
Community

FROM : [REDACTED]  
Director of Performance Evaluation  
and Improvement

SUBJECT : DIA's Supergrades and Civil Service  
Exemption

1. As you requested, we have analyzed DIA's need for additional civilian supergrade positions and relief from certain Civil Service Commission (CSC) constraints on the Agency's personnel management. The analysis (Tab A) is intended to be an annex to our report on DIA mission and manpower, but it can also be forwarded separately in advance if desired.

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2. By way of background, DIA is currently authorized a total of [REDACTED] supergrades for FY 78 [REDACTED]. Since December 1976, OASD(I)/DDI has had draft legislation informally in the personnel subcommittees of the House and Senate Armed Services Committees, as well as the Senate Select Committee on Intelligence. The draft legislation (Tab B) seeks:

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-- specific inclusion in Titles 5 and 10 of a DIA quota of not more than [REDACTED] authorizations from the DOD/CSC quota of [REDACTED] slots;

-- retention of the Public Law supergrades at [REDACTED];  
and,

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-- following the precedent set by NSA, expansion of the present definition of supergrade positions authorized by Section 1581 of Title 10--"professional engineering and scientific positions primarily concerned with research, evaluation and development activities; and professional positions in the physical and natural sciences and medicine"--to include the clause "... and certain professional positions in military intelligence research." While an unlimited number of non-quota military intelligence

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research positions (subject to DOD oversight) could result from this legislation, current thinking is that the non-quota positions would number about [REDACTED] thus giving DIA a total of around [REDACTED] supergrade positions.

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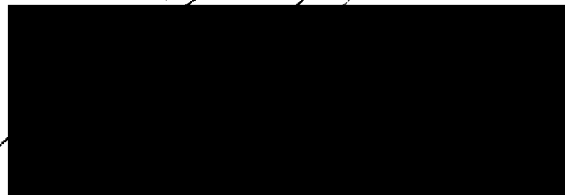
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(Background papers prepared in ASD(I)/DDI on DIA's supergrade needs and personnel management are at Tabs C and D.)

3. The Congressional subcommittees have indicated their desire for OMB to become involved in this matter. Correspondence is being prepared to OMB from SecDef and DepSecDef presenting the case for the legislation and soliciting OMB support. ASD(I)/DDI estimates that there is an even chance that the legislation eventually will be enacted, but cannot predict when.

4. It is recommended that Tab A become a part of our final report to General Wilson and be forwarded separately to DIA under the attached covering memo.

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Attachments:

- Tab A - Annex C, Comments on Civilian Supergrades Within DIA, with cover letter
- Tab B - Draft Legislation
- Tab C - Background Paper: Legislation for Intelligence Supergrades
- Tab D - Background Paper: Personnel Legislation

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WASHINGTON, D. C. 20505

Intelligence Community Staff

IC 77-2454

31 MAR 1977

MEMORANDUM FOR: Lieutenant General Samuel V. Wilson, USA  
Director, Defense Intelligence Agency

25X1A FROM : [REDACTED]  
Deputy to the DCI for the Intelligence  
Community

SUBJECT : Intelligence Community Staff Comments  
on Civilian Supergrades Within DIA

1. Since we gave you copies of our draft report on the DIA mission/ functions and manpower needs, another annex to the report has been completed. The annex (attached) provides Intelligence Community Staff views on DIA's present and future needs for civilian supergrade positions and exemption from certain Civil Service Commission regulations, which were developed in the course of our analysis.

2. Although we propose to incorporate the annex in our final report to you, I am forwarding the annex in advance for your comment and possible use while awaiting the final report.

[REDACTED]

Daniel J. Murphy

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Attachment:  
As Stated

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SCHEDULE OF E. O. 11652, EXEMPTION CATEGORY:
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ANNEX C

COMMENTS ON CIVILIAN SUPERGRADES WITHIN DIA

INTRODUCTION

Certain of DIA's management problems, particularly those associated with improving the quality of its intelligence product, are seen by DIA leadership and others to stem from the Agency's long-standing difficulties in upgrading the quality of its personnel. Attention was drawn to these problems, for example, by the Fitzhugh Blue Ribbon Panel in 1970, the Defense Panel on Intelligence in 1975, and the Senate Select Committee on Intelligence report in 1976.

To help redress this situation, DIA has made repeated requests for more supergrade substantive and managerial positions so as to improve its competitive ability to attract and retain the highest caliber civilian talent. DIA has also recognized the need to have the personnel management latitude and flexibility to cope with the changing intelligence environment by achieving a better match between evolving user demands and available analytical skills; hence, DIA has argued for the same type of Civil Service regulation exemption as enjoyed by CIA and NSA. In acknowledgement of these pressing needs, the recent Church Committee report concluded that "the Congress must relieve DIA from certain Civil Service

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regulations in order to enable the quality of DIA personnel to be upgraded. In addition, more supergrade positions must be provided for civilians in DIA."

The Intelligence Community Staff (ICS) review of the DIA mission and manpower reinforces the requirement to improve the quality of the DIA product and the Agency's analytical manpower base. Our report suggests significant changes in the future focus of DIA's intelligence research and calls for more effective performance of its Defense intelligence management functions. If these adjustments are made, DIA's present need to upgrade the quality of its personnel will be increased. In any case, DIA appears to have a legitimate requirement for additional civilian supergrades and increased personnel management latitude and flexibility.

#### COMPARISON OF DIA WITH COMMUNITY AND ITS AGENCIES

Despite a slight increase over the last few years in the number of the civilian supergrades in DIA, the Agency still has only a small fraction of the total supergrades within the Intelligence Community (Table 1). Moreover, it appears that supergrade positions are disproportionately distributed within the Community, differences in the sizes of the agencies and their functions notwithstanding. For example, of the total of [REDACTED] civilian supergrade positions authorized within the Community in FY 1978, [REDACTED]

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25X1A [REDACTED] supergrade positions comprise only  
25X1A [REDACTED] of the total Community supergrades.

Furthermore, Defense intelligence as a whole has only  
a small part of the civilian supergrade positions and their  
distribution within Defense intelligence programs is not  
balanced (Table 2). The total number of supergrades of all  
types in the General Defense Intelligence Program (GDIP) and  
25X1A the Consolidated Cryptologic Program (CCP) for FY 1978 is

[REDACTED] of the Community total. DIA's [REDACTED] supergrades 25X1A  
25X1A comprise only [REDACTED] of the total Defense intelligence (GDIP/  
CCP) supergrades. Comparison of the CCP and GDIP supergrades  
shows that the CCP accounts for [REDACTED] of the Defense intelli- 25X1A  
gence supergrades, compared to [REDACTED] positions in the GDIP. 25X1A

25X1A Nearly all [REDACTED] of the CCP supergrades, and [REDACTED] of the total 25X1A  
Defense intelligence supergrades, are in [REDACTED] enjoys 25X1A  
25X1A this advantage in supergrades primarily due to special  
legislation that has been enacted for the Agency, which allows

[REDACTED] quota supergrade authorizations, which do not count  
25X1A against the DOD quota of [REDACTED] and broadens the engineer and  
scientist non-quota category for non-quota supergrades to  
include specialists in cryptology. The result is that [REDACTED] 25X1A  
can have as many supergrades as required, subject only to DOD  
oversight and budgetary constraints.

25X1A The comparison of the ratio of supergrades to total work  
force of [REDACTED] also shows stark con-  
25X1A trasts, even when the [REDACTED] general/flag officers of DIA are

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25X1A included. The ratio of supergrades (including general/flag

DIA'S CURRENT SUPERGRADES AND NEEDS

25X1A At present, DIA has [ ] supergrades (quota, non-quota,  
25X1A and Public Law) and [ ] general/flag officer billets [ ]  
of which are field assignments in the Defense Attache System).  
25X1A As shown in Table 4, [ ] of the supergrade and general/  
flag officer positions are non-substantive and managerial  
25X1A positions, while [ ] positions are in substantive intelligence  
fields. This apportionment between substantive and non-  
substantive positions appears to be proper, given the range  
of DIA's currently assigned missions and functions.

Within the substantive fields, however, significant  
imbalances are evident. The most obvious imbalance is that  
only a handful (the DIOs and some positions in scientific  
and technical intelligence) are senior substantive analysis  
positions. Most are positions of management of substantive  
activities. Also, for example, scientific and technical  
intelligence (DIA/DT) has a total of [ ] supergrades, which  
25X1A includes all the Public Law appointments within DIA. Since  
25X1A the total manning of DIA/DT is [ ] personnel, DT enjoys a  
[ ] supergrade/total staff ratio. This number of scientific-  
technical supergrades, however, is probably justified, con-  
sidering the priority and complexity of intelligence analysis  
and management in these fields.

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25X1A The importance that has been given by DIA to the estimative intelligence process and the perceived need to assign the highest-caliber analytical skills to it are reflected in the relatively large number of supergrades within the Deputy Directorate of Estimates (DIA/DE). DIA/DE currently has [REDACTED] supergrades and [REDACTED]; this is a supergrade/total staff ratio of [REDACTED]

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25X1A The other production elements of DIA, where the bread-and-butter basic and current/l&W intelligence research and analysis are done, do not fare nearly so well. For example, only half of the [REDACTED] currently assigned Defense Intelligence Officers (DIOs), who are considered to be the Agency's senior substantive experts, are supergrades. In the basic intelligence production offices, the situation is even worse. The Deputy Directorate for Intelligence Research (DIA/DB), which has nearly [REDACTED] personnel, has [REDACTED] and [REDACTED] flag/general officers. The Deputy Directorate for Current Intelligence (DIA/DN) has [REDACTED] and [REDACTED] supergrades for about [REDACTED] personnel.

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25X1A In March 1976, the Acting Director, DIA, in a memorandum to Deputy Secretary of Defense Ellsworth, identified the DIA need for an additional [REDACTED] substantive and managerial supergrade allocations and requested either that the allocations be made from within the DOD quota or that OSD initiate legislation to include the professional intelligence discipline as

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an exception to quota authorizations. These additional supergrades were not made available by OSD, largely because DIA competes with OSD and OJCS for these positions and intelligence is not afforded sufficient priority. They are listed, however, in Table 5 in order to document the scope of DIA's supergrade needs as perceived a year ago. Although DIA has since been reorganized (therefore the position titles do not match the current organization), the needs probably have not changed markedly.

DIA'S SUPERGRADE NEEDS DERIVED FROM FINDINGS OF ICS REVIEW

The findings of the ICS analysis of DIA's mission/functions and manpower needs have immediate and long-term implications concerning the types of analytical and management skills and the level of professional competence that DIA will need to meet its future challenges. If DIA, as suggested, concentrates its intelligence analysis and production resources on foreign military capabilities and intentions, emphasizing broad-gauged research in support of net assessment studies and other key Washington-level national security issues, the existing need for manpower with enhanced analytical competence will become even more acute. DIA will find it increasingly necessary to develop an analytical cadre that is capable of the most sophisticated research, which combines the techniques of systems analysis and knowledge of our own force capabilities, and draws upon operational command experience. The need will become even greater to develop

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integrated analyses of the diverse factors affecting foreign military capabilities and the substantive expertise to address complex global and regional intelligence problems.

As most of the current order-of-battle and targeting intelligence data base maintenance and reporting devolves to other DOD intelligence organizations under Delegated Production, it will become possible and desirable for DIA to redirect many billets to the intellectually more challenging types of analysis described above. Also, as DIA begins to rely more on others to meet DOD requirements for intelligence on non-military subjects, some analysts who are presently engaged in this type of work can be expected to participate in the broader integrative analytical projects. Many of the presently employed analysts, however, will require additional training for this task. And, in some cases, DIA will require personnel management latitude to acquire a different mix of analytical skills.

As the Defense Intelligence Officer (DIO) cadre--already considered to be the Agency's senior substantive body--is bolstered and its responsibilities are broadened, the need for substantive experts capable of leading and directing the Defense intelligence analysis in their areas of expertise and managing the DOD estimative intelligence effort will grow. For these DIOs to be most effective, and to enhance the career prospects for aspiring junior analysts, DIA should be enabled to provide supergrade positions for the DIOs.

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Finally, if DIA is to function effectively as the substantive manager of all Defense intelligence production and as the architect and manager of Defense intelligence ADP and telecommunications systems, it will continue to be essential that DIA be able to hire and retain adequate numbers of highly competent senior system designers, managers, and planners.

In short, DIA's present valid need to improve the quality of its personnel and to be more competitive with other agencies in the Intelligence Community for high caliber manpower will be accentuated as DIA evolves to meet the intelligence challenges identified in the ICS review. The Agency will have an even greater need for: (1) management latitude to appoint, reassign, and replace personnel to meet changing intelligence analytical demands, and (2) more supergrade positions in order to attract and retain the most competent professional talent that is available to the Community.

Moreover, the findings of the ICS review suggest a number of specific supergrade allocations that might be considered (Table 6) in addition to those that were identified by DIA in March 1976. These positions are illustrative only and are intended as nominees from which DIA could make a selection, should additional allocations become available.

We thus conclude that DIA has a genuine need for legislative relief from certain of the Civil Service Commission (CSC) constraints on DIA personnel management.

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Since DIA must compete for critical professional talent with CIA and NSA--which are exempt from all (or most) CSC regulations--it appears only just that DIA have similar freedom to reward accomplishment by its personnel and to achieve enhanced organizational and manpower assignment flexibility. If DIA were exempt from some of the CSC regulations, the Agency could make improved use of its civilian manpower, could more easily appoint personnel to new and challenging tasks, could use the concept of "rank in man" to develop future civilian leadership through more flexible career-broadening assignments, and could better adjust overall work assignments to meet changing intelligence needs. Probably of equal importance would be the improved morale, motivation, and productivity that would follow the enhancement of analysts' career prospects and the increased flexibility to institute a more equitable system of awards, recognition and promotion to reward achievement and excellence.

Relief from CSC constraints and the provision of additional civilian supergrade authorizations, are not, however, the panacea for DIA's quality of product and civilian personnel problems. These steps must be viewed in the context of other measures to improve the caliber of military personnel assigned to DIA and actions to consolidate the Agency's analytic operations under one roof. Perceptible improvement in all this will, of course, take time, patience, and an

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unswerving commitment from top management to nurture the excellence that is expected of DIA. In this regard, DIA will also have to use its newly acquired personnel latitude to develop the management skills necessary to discharge its evolving responsibilities, while building improved management structure and style. While careful selection and assignment of personnel and committed leadership across-the-board will only gradually enable DIA to develop an enhanced image and organizational elan, such increased supergrade positions and relief from CSC regulations are a necessary first step.

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TAB  
B

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To amend titles 5 and 10, United States Code, to exempt the Office of the Director, Defense Intelligence (Assistant Secretary of Defense (Intelligence)) and the Defense Intelligence Agency from the provisions of the civil service laws, with regard to the employment of civilian employees.

Be it enacted by the Senate and House of Representatives of the  
United States of America in Congress assembled, That chapter 81 of  
title 10, United States Code, is amended by --

(1) inserting the following new section after section 1586 and  
inserting the corresponding item in the analysis:

"1587. Office of the Director, Defense Intelligence (Assistant Secretary  
of Defense (Intelligence)) and Defense Intelligence Agency: basic  
compensation; administrative procedure

"(a) The Secretary of Defense (or his designee for the purpose) is  
authorized to establish such positions, and to appoint thereto, without  
regard to the civil service laws in title 5, such civilian officers and  
employees, in the Office of the Director, Defense Intelligence and the  
Defense Intelligence Agency, as may be necessary to carry out the functions  
of such agency. The rates of basic compensation for such positions shall  
be fixed by the Secretary of Defense (or his designee for the purpose) in  
relation to the rates of basic pay contained in the General Schedule of  
compensation for Federal Classified employees as set forth in section 5332  
of title 5, for positions subject to such Schedule which have corresponding  
levels of duties and responsibilities. Except for positions corresponding  
to those provided in subchapter II of chapter 53 of title 5 and sections



5363 and 5364 of that title, no officer or employee of the Office of the Director, Defense Intelligence or the Defense Intelligence Agency shall be paid basic compensation at a rate in excess of the highest rate of basic pay contained in such General Schedule. Not more than 25 such officers and employees in the Defense Intelligence Agency and 8 such officers and employees in the Office of the Director, Defense Intelligence shall be paid basic compensation at a rate equal to the rate of basic pay for the grades of GS-16, 17, and 18 as contained in such General Schedule.

"(b) The Secretary of Defense (or his designee for the purpose) may --

"(1) establish in the Office of the Director of Defense Intelligence and Defense Intelligence Agency, in addition to those positions authorized by section 1581 of this title, --

"(A) professional engineering and scientific positions primarily concerned with research, evaluation and development activities; and

"(B) professional positions in the physical and natural sciences and medicine and certain professional positions in military intelligence research.

"(2) fix the respective rates of pay for the positions described in clause (1) at rates equal to the rates of basic pay for the grades of GS-16, 17, and 18 as contained in the General Schedule of compensation for Federal Classified employees as set forth in section 5332 of title 5.

Officers and employees appointed to positions established under this subsection are in addition to the number of officers and employees appointed under subsection (a) who may be paid at a rate equal to the rate of basic

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pay for 11 months, 17, and 18 as contained in such General  
Schedule.

"(c) Officers and employees of the Office of the Director, Defense Intelligence and the Defense Intelligence Agency who are citizens or nationals of the United States may be granted additional compensation, in accordance with regulations prescribed by the Secretary of Defense, not in excess of additional compensation authorized by section 5941(a) of title 5 for employees whose rates of basic compensation are fixed by statute.

"(d) Except as provided in subsection (e), nothing in this section or any other law shall be construed to require the disclosure of the organization or any function of the Office of the Director, Defense Intelligence and the Defense Intelligence Agency, of any information with respect to the activities thereof, or of the names, titles, salaries, or number of the persons employed by such agency.

"(e) The reporting requirements prescribed in section 1582 of this title shall apply to positions established by subsection (b) of this section.

SEC. 2. Title 5, United States Code, is amended as follows:

(1) Section 4301(1) is amended by striking out the word "or" at the end of paragraph (vi), by striking out the word "and" at the end of paragraph (vii) and inserting in lieu thereof the word "or", and by inserting the following new paragraph after paragraph (vii):

"(viii) the Office of the Director, Defense Intelligence and the Defense Intelligence Agency; and".

(2) Section 5102(a)(1) is amended by striking out the word "or" at the end of paragraph (vii), by inserting the word "or" at the end of paragraph (viii), and by inserting the following new paragraph after paragraph (viii):

"(ix) the Office of the Director, Defense Intelligence and the Defense Intelligence Agency, Department of Defense;"

(3) Section 5342 (a)(1) is amended by striking out the word "or" at the end of paragraph (II), by inserting the word "or" at the end of paragraph (I), and by inserting the following new paragraph after paragraph (I):

"(J) the Office of the Director, Defense Intelligence and the Defense Intelligence Agency, Department of Defense;"

(4) Section 5108(c)(5) is amended to read as follows:

"the Secretary of Defense, subject to the standards and procedures prescribed by the chapter, may place a total of 407 positions (in any addition to any positions authorized under section 1587 of title 10 and any professional engineering positions primarily concerned with research and development and professional positions in the physical and natural sciences and medicine which may be placed in these grades) in the Department of Defense in GS-16, 17, and 18;"

SEC. 4. The amendments made by the Act shall take effect on the first day of the first pay period which begins later than the thirtieth day following the date of enactment of this Act.

95th Congress  
1st Session

(BILL NUMBER)

IN THE SENATE OF THE UNITED STATES

Date

Ordered to lie on the table and to be printed  
AMENDMENTS

Intended to be proposed by Mr. \_\_\_\_\_ to \_\_\_\_\_. The proposed amendments to Title \_\_\_\_, GENERAL PROVISIONS of this Act, pertain to Titles 5 and 10, United States Code, and will exempt the Office of the Director, Defense Intelligence (Assistant Secretary of Defense (Intelligence)) and the Defense Intelligence Agency from the provisions of the civil service laws, with regard to the employment of civilian employees. SEC. \_\_\_\_ Chapter 81 of title 10, United States Code, is amended by -

(1) inserting the following new section after section 1586 and inserting the corresponding item in the analysis:

"1587. Office of the Director, Defense Intelligence (Assistant Secretary of Defense (Intelligence)) and Defense Intelligence Agency: basic compensation; administrative procedure

"(a) The secretary of Defense (or his designee for the purpose) is authorized to establish such positions, and to appoint thereto, without regard to the civil service laws it title 5, such civilian officers and employees, in the Office of the Director, Defense Intelligence and the Defense Intelligence Agency, as may be necessary to carry out the functions of such agency. The rates of basic compensation for such positions shall be fixed by the Secretary of Defense (or his designee for

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the purpose) in relation to the rates of basic pay contained in the General Schedule of compensation for Federal Classified employees as set forth in section 5332 of title 5, for positions subject to such Schedule which have corresponding levels of duties and responsibilities. Except for positions corresponding to those provided in subchapter II of chapter 53 of title 5 and sections 5363 and 5364 of that title, no officer or employee of the Office of the Director, Defense Intelligence of the Defense Intelligence Agency shall be paid basic compensation at a rate in excess of the highest rate of basic pay contained in such General Schedule. Not more than 25 such officers and employees in the Defense Intelligence Agency and eight such officers and employees in the Office of the Director, Defense Intelligence shall be paid basic compensation at a rate equal to the rate of basic pay for the grades of GS-16, 17, and 18 as contained in such General Schedule.

"(b) The Secretary of Defense (or his designee for the purpose) may -

"(1) establish in the Office of the Director, Defense Intelligence and the Defense Intelligence Agency, in addition to those positions authorized by section 1581 of this title, -

"(A) professional engineering and scientific positions primarily concerned with research, evaluation and development activities; and

"(B) professional positions in the physical and natural sciences and medicine and certain professional positions in military intelligence research; and

"(2) fix the respective rates of pay for the positions described in clause (1) at rates equal to the rates of basic pay for

the grades of GS-16, 17, and 18 as contained in the General Schedule of  
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compensation for Federal Classified employees as set forth in section 5332  
of title 5.

Officers and employees appointed to positions established under this  
subsection are in addition to the number of officers and employees  
appointed under subsection (a) who may be paid at a rate equal to the rate  
of basic pay for the grades of GS-16, 17, and 18 as contained in such  
General Schedule.

"(c) Officers and employees of the Office of the Director, Defense  
Intelligence and the Defense Intelligence Agency who are citizens or  
nationals of the United States may be granted additional compensation,  
in accordance with regulations prescribed by the Secretary of Defense,  
not in excess of additional compensation authorized by section 5941(a)  
of title 5 for employees whose rates of basic compensation are fixed by  
statute.

"(d) Except as provided in subsection (c), nothing in this section  
or any other law shall be construed to require the disclosure of the  
organization or any function of the Office of the Director, Defense  
Intelligence and the Defense Intelligence Agency, of any information with  
respect to the activities thereof, or of the names, titles, salaries,  
or number of the persons employed by such agency.

"(e) The reporting requirements prescribed in section 1582 of  
this title shall apply to positions established by subsection (b) of  
this section.

or any other law, the Secretary of Defense may, in his discretion, terminate the employment of any civilian officer or employee of the Defense Intelligence Agency whenever he deems such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of the officer or employee involved to seek or accept employment with any other department or agency of the United States if he is declared eligible for such employment by the United States Civil Service Commission. Notwithstanding section 133(d) of this title, only the Deputy Secretaries of Defense and the Director of the Defense Intelligence Agency may be delegated the authority vested in the Secretary of Defense by this subsection."

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SEC. \_\_\_\_ Title 5, United States Code, is amended as follows:

(1) Section 4301(1) is amended by striking out the word "or" at the end of paragraph (vi), by striking out the word "and" at the end of paragraph (vii) and inserting in lieu thereof the word "or", and by inserting the following new paragraph after paragraph (vii):

"(viii) the Office of the Director, Defense Intelligence and the Defense Intelligence Agency; and".

(2) Section 5102(a)(1) is amended by striking out the word "or" at the end of paragraph (vii), by inserting the word "or" at the end of paragraph (viii), and by inserting the following new paragraph after paragraph (viii):

"(ix) the Office of the Director, Defense Intelligence and the Defense Intelligence Agency, Department of Defense;".

(3) Section 5342(a)(1) is amended by striking out the word "or" at the end of paragraph (H), by inserting the word "or" at the end of paragraph (I), and by inserting the following new paragraph after paragraph (I):

"(J) the Office of the Director, Defense Intelligence and the Defense Intelligence Agency, Department of Defense;".

SEC. \_\_\_\_ Section 5108(c)(5) of title 5, United States Code be amended to read as follows:

"the Secretary of Defense, subject to the standards and procedures prescribed by this chapter, may place a total of 407 position (in addition to any positions authorized under section 1587 of title 10 and any professional engineering positions primarily concerned with research and development and professional positions in the physical and natural



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sciences and medicine and certain professional positions in military  
intelligence research which may be placed in these grades) in the  
Department of Defense in GS-16, 17, and 18;"

SEC. \_\_\_\_\_. The amendments contained in the above three sections of this  
Act shall take effect on the first day of the first pay period which  
begins later than the thirtieth day following the date of enactment of  
this Act.

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TAB

C

Approved For Release 2001/09/04 : CIA-RDP83M00171R001200060001-8

Background Paper: Legislation for Intelligence Supergrades

SUBJECT: Proposed Legislation for Civilian Professional Military Intelligence Supergrade Position in DIA and the Office of the Director of Defense Intelligence

1. PURPOSE: To amend Title 5, U.S. Code nonquota supergrade legislation to include positions of professional military intelligence research for the purpose of enhancing the quality of Defense intelligence personnel.

2. PROBLEM:

-- Lack of adequate number of civilian professional military intelligence supergrade positions directly affects the quality of Defense intelligence by:

o Denying the opportunity to attract first rate professional personnel to intelligence work.

-- Special need to provide talent of supergrade stature in purely substantive intelligence areas.

o Impeding development of an adequate professional intelligence career structure.

- Special need for career structure which fosters recognition of substantive expertise and comprehensive knowledge and leadership within the Intelligence community.

-- Due to overall DoD supergrade shortages and Civil Service encumbrances, Defense intelligence has been unable over the years to obtain sufficient supergrade quota positions to meet its most essential requirements.

-- The Senate Select Committee on Intelligence found that the lack of supergrade positions in DIA:

o Has been an impediment to improving the quality and opportunities for its civilian staff.

o Has made it difficult to develop and retain the high-quality analytical personnel essential for a high-quality finished product.

3. SUMMARY AND RATIONALE FOR PROPOSED LEGISLATION

-- Defense intelligence requires the flexibility to hire and retain the topmost geographic regional and foreign intelligence experts in the nation to improve quality of products.

- By statutory provision, CIA and NSA have adequate supergrade authorizations and, therefore, are less impeded in attracting high-quality civilians.
- Statutory exemption should be provided by Congress for acquiring supergrade nonquota positions for Defense intelligence.
- The Senate Select Committee recommended:
  - o That Congress provide more supergrade position for civilians in DIA.

#### 4. IMPACT OF PROPOSED LEGISLATION

- Limited to DoD professional intelligence positions primarily concerned with:
  - o Planning, directing of, or execution of military intelligence research.
  - o Serving as senior geographic or topical experts and advisors on military intelligence.
- Statute limits SecDef to 407 quota supergrade positions.
  - o Proposed legislation would increase flexibility and provide for intelligence supergrade positions without using scarce DoD quotas.
- Professional military intelligence research personnel would:
  - o Enjoy similar career opportunities as supergrade colleagues in CIA and NSA.
  - o Be placed in equitable position with research and development and professional positions in physical and natural sciences.
- Would provide top level cadre from which senior leadership positions in Defense intelligence could be filled.
- Proposed legislation would satisfy spirit and intent of Senate Select Committee recommendation.

#### 5. COMMUNITIES AFFECTED

DIA and the Office of the Director of Defense Intelligence.

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D

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Background Paper: Personnel Legislation

SUBJECT: Proposed Personnel Legislation for DIA and the Office of the Director, Defense Intelligence (OASD(I))

1. PURPOSE: To obtain legislation that would exempt DIA and OSD (Intelligence) from the statutes governing civilian employment, classification, pay, performance ratings, and reporting requirements, and provide necessary supergrade allocations. (A separate background paper on intelligence supergrades is attached.)

2. PROBLEM:

- DIA has Excepted Service authority granted by the Civil Service Commission in 1962.
  - o Permits hiring personnel directly.
  - o With few exceptions DIA must comply with most statutes and CSC regulations.
  - o Deterrent to personnel quality because of inflexibility in personnel programs that are affected by sensitive environment, mobility requirements, organizational changes, crisis situations and community relationships.
- OSD Intelligence has experienced similar difficulties with limitations on assignment flexibility and authorizations for high grade positions. Shifting emphasis in intelligence requirements prompted by international changes, and other crises that require the highest level of technical, budgetary, and policy decisions, make such personnel flexibilities necessary.

3. HISTORY: PREVIOUS ATTEMPT AT EXEMPTING LEGISLATION

- Draft legislative proposal was developed in 1974, similar to that granted NSA, which would exempt DIA from many personnel statutes and provide supergrade allocations.
  - o The draft bill was submitted to OMB in March 1974 and was referred to the CSC.
  - o CSC in letter to OMB in May 1974 opposed the proposed legislation.
  - o May 1974, representatives of ASD(I), ASD(M&RA), OSD General Counsel, and the Director, DIA met with OMB and CSC staff officials to discuss the proposed legislation.

- o December 1974, DoD resubmission of the proposed legislation to OMB with revised Speaker letter; more detailed explanation on draft bill DoD 94-32.
- o CSC in May 1975 again opposed the legislative proposal and opined that the DIA problems could be solved without statutory remedy.
- o July 1975 based on CSC objections, OMB advised the Secretary of Defense that no further action was planned on the draft bill.

4. SUMMARY AND RATIONALE FOR THE PROPOSED LEGISLATION

- The judgments which Defense intelligence personnel must provide on foreign military capabilities, and on the likelihood of attack or outbreak of hostilities are time sensitive and critical to national security.
- The need for consistent accuracy and excellence in making judgments imposes a very high demand on the professional work force, requires organizational flexibility, mobility of work force, high performance standards, and superior leadership talent.
- OSD Intelligence and DIA are part of the same intelligence community as CIA and NSA which have exemptions from all (or most) CSC regulations. These organizations must compete for critical professional talent and operate in joint endeavors; it is reasonable that they should have similar personnel systems.

5. IMPACT OF PROPOSED LEGISLATION

- Would provide needed flexibility and responsiveness to appoint and shift personnel to cope with changing intelligence priorities and crisis situations.
- Would permit development of a classification system to include "rank in the man" concept to accommodate frequent time sensitive reorganizations, changing work assignments, detailing and reassignment of personnel.
- Would lend itself to enhance career development assignments through intra and inter Agency rotational assignments.

- Would permit better utilization of personnel resources and improve employee morale and productivity by applying reassignment action instead of reduction in force procedures.
- Pay would relate to the qualifications of the employee and level of work performed and maintain alignment with CIA and NSA.
- Would minimize paper work in preparing accurate position descriptions in critical sensitive areas and not deter personnel assignments due to crisis situations and reorganizations.
- Improve recruiting ability and not restrict employment of high quality applicants by ability to make on-the-spot offers at above minimum salary step rate.
- Would permit the structure of an in-depth job oriented annual appraisal system so that strong and weak points can be identified and documented.
- Would be career oriented, providing a basis for recognition and awards, promotion potential and other personnel needs.
- Would preclude the public disclosure of organizational or any functional matters which should be protected in the national interest.
- Would overcome the long standing problem of supergrade shortages.
- Would upgrade the professional quality of intelligence personnel and intelligence products.
- DIA could attract outstanding scholarly individuals.
- Eliminate or reduce imbalance of supergrade talent with CIA and NSA.
- Would provide flexibility in top level positions to meet special mobility needs.
- Would provide latitude in developing career ladders to enhance excellence and provide equitable compensation.
- Would satisfy the spirit and intent of Senate Select Committee recommendations:



- o Relieving DIA from certain Civil Service regulations in order to enable the quality of DIA personnel to be upgraded.
- o More supergrade positions for civilians in DIA.

6. COMMUNITIES AFFECTED

- This legislation relates to the Office of the Director, Defense Intelligence (OASD(I)), the Deputy DDI for Programs and Resources and the DIA.
- A related legislative proposal to amend section 5108(c)(5), 5 USC to include the professional intelligence discipline as an exception to supergrade quota authorizations would apply to all of DoD.

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IC 77-2432

18 FEB 1977

MEMORANDUM FOR: Admiral Daniel J. Murphy, USN  
Deputy to the DCI for the Intelligence  
Community

FROM:

25X1A

Production Assessment and Improvement Division

SUBJECT: Status of DIA Mission and Manpower Analysis

1. We have completed our review of the DIA manpower audit and our analysis of DIA mission/functions and manpower needs. Our draft interim report to DIA is being reviewed and coordinated within the IC Staff (copy attached). The purpose of this memorandum is to provide you a preview of our principal findings and to lay out the schedule of events of the next week or so.

#### FINDINGS

2. Our review of DIA's mission, functions, and use of manpower has revealed no major misallocations of resources, given the Agency's currently assigned responsibilities. Moreover, if it is to retain its broad range of present duties, DIA's level of manning [REDACTED] appears to be barely sufficient. Recurring organizational realignments have been made and are being made within DIA to find better ways of using the available manpower. It is not expected, however, that these efforts will yield significant--rather than marginal--manpower economies and efficiencies.

3. At the same time that resources have been becoming scarcer, DIA has been confronted with an increasing diversity and sophistication in the demands of an expanding user audience. The result has been the Agency's inability to escape from the fundamental dilemma it has faced for over a decade: "too many jobs and too many masters." And, in certain of its most important jobs, users feel that DIA's performance requires substantial improvement. Therefore, it appears that if persisting Congressional pressures for intelligence resource decrements preclude the expansion of DIA's manpower, and if DIA is to remain a viable entity, major refocusing and restructuring of its substantive, managerial and support functions may be required.

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4. In short, our analysis convinces us that DIA should evolve in the coming years toward an agency which:

- concentrates its intelligence analysis and production resources on foreign military capabilities and intentions, with emphasis on broad-gauged research, and support to net assessment studies and other key Washington-level national security issues (most of the order-of-battle/targeting intelligence data base maintenance and reporting devolves to other DOD intelligence organizations under the JCS-approved plan for Delegated Production);
- relies on others (most notably, CIA) to meet DOD requirements for basic intelligence on non-military subjects;
- abolishes the Directorate of Estimates (DE) as a separate Directorate, using some billets to strengthen the Defense Intelligence Officer (DIO) cadre and absorbing the other analytical billets into the Research Directorate to strengthen work on key mid- and long-term issues;
- acts forcefully and effectively as the substantive manager of Defense general intelligence production (under Director, DIA's hat as D/DDI (PP&O)), to include the determination and elimination of undesirable duplication of effort and the satisfaction of U&S Command needs;
- undertakes increased efforts to enhance the DIA interface with its key users, particularly with OSD;
- increases the number of DIOs and expands and strengthens their responsibilities to (1) canvass user requirements, (2) influence the substantive content and quality of products to meet user needs, and (3) manage the DOD estimative intelligence process;
- provides strong technical direction and management of DOD S&T intelligence production, without any in-house production of its own;
- strengthens the Directorate of Collection (DC) ability to serve as central collection requirements manager for all of DOD; and

- transfers some of its DOD intelligence support functions and services of common concern, and related billets, to a new Defense Intelligence Support Agency, subordinate directly to ASD(1)/DDI.
- 5. The impact of the above in terms of GDIP manpower would be as follows:
  - Approximately [REDACTED] of DIA's present [REDACTED] billets (attaches plus various support types) would be transferred to the new Defense Intelligence Support Agency, giving DIA a significantly reduced span of control. 25X1A
  - The other analytical resources that are freed within DIA [REDACTED] could be redirected internally to the challenging and important military intelligence research and production tasks described above. 25X1A
  - No appreciable changes would occur to the overall GDIP manning level.

#### SCHEDULE

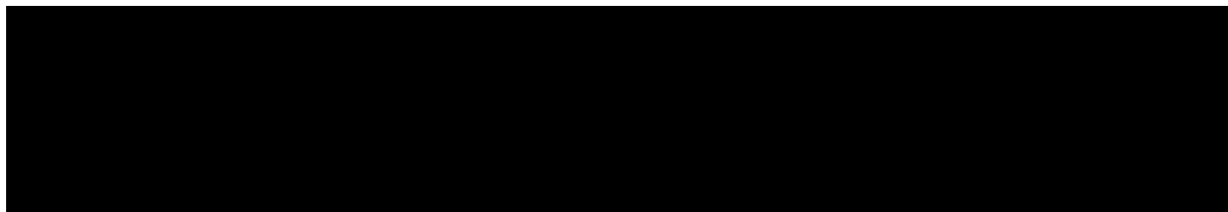
6. The schedule for our review and report to General Wilson has been dictated by the anticipated scheduling of his appearances before Congress. Although it was originally estimated that General Wilson would need our report for mid-February hearings, it is now evident that these hearings will not occur before mid-March. We are still striving, however, to provide our input to DIA as soon as possible.

- 7. The schedule is as follows:
  - Complete ICS internal review and coordination of draft report by COB 22 February 1977.
  - Incorporate any suggested revisions and the input from OJCS and the U&S Commands (due this date) in a final draft report by COB 23 February.
  - Present informally our principal findings to Admiral Inman on 24 February (General Wilson is out during the period 21 February-8 March).

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-- Forward final draft of our interim report to DIA<sup>25X1A</sup>  
by 28 February.



Attachment:  
Draft interim report to DIA

~~CONFIDENTIAL~~

IC 77-2432

17 Feb 1977

Distribution:

O - Addressee w/att

1 - SA/D/DCI/IC [REDACTED] w/o/att

1 - SA/D/DCI/IC [REDACTED] w/o/att

1 - D/OPEI w/o/att

1 - D/OPP w/o/att

1 - D/OPBD w/o/att

1 - C/OPEI/IS w/o/att

1 - C/OPEI/ID w/o/att

1 - C/OPEI/SD w/o/att

1 - C/OPEI/HRD w/o/att

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1 - IC/Registry w/att

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